


# Is Homeowners Insurance Enough?

## A Builders Risk Coverage Comparison

Explore how policies differ, and identify where coverage gaps might exist.





## “Why do I need builders risk insurance if I already have a homeowners policy?”

It's a common question for agents selling builders risk. The answer is: homeowners policies typically don't offer the robust coverage your clients need to recover from loss during the course of construction.

For homeowners planning new construction from the ground up or renovation projects on their existing property, such as new room additions or kitchen and bathroom remodeling - it's important to have coverage in place to protect against unforeseen costly losses. This resource reviews the basic coverages offered in builders risk and homeowners policies to identify where coverage gaps could exist.

By not consulting their insurance agent before starting a construction project, insureds often mistakenly assume their existing permanent property provider will cover renovations. While policies will differ from carrier to carrier and vary depending on coverage endorsements and policy exclusions, standard homeowners and builders risk insurance are each designed for different exposures.

# How do homeowners and builders risk policies differ?

**Builders risk insurance** is property coverage that protects an owner's insurable interest in materials, fixtures and / or equipment to be installed during the construction or renovation of a structure should any of those items sustain physical loss or damage from a covered cause.



**Homeowners insurance** is also a form of property insurance but is instead designed to protect an individual's home against damages to the existing structure or possessions in the home, as well as provide liability coverage against accidents occurring in the home or on the property.

Both policies offer valuable coverage benefits for separate types of risks; however, homeowners shouldn't rely on a homeowners policy to financially protect themselves during renovation.

When selecting a builders risk policy, a homeowner can find peace of mind knowing claims against their homeowners policy will be minimized should a loss occur during remodeling.

A builders risk policy can also provide term extensions and renewals, the ability to include or exclude the existing structure during remodeling, and the option to expand coverage limits should contract change orders increase the project value.

# Coverage Comparison


As the following chart shows, there are some coverages both types of policies provide. However, there are notable differences in limits.

Coverages	Builders Risk Plan Insured by Zurich	Typical Homeowners Insurance Policy
Fire department service charge	\$25,000 default limit included	\$500 coverage
Transit	\$25,000 or 5% of completed value, whichever is greater	Limited to \$250 to \$500 for business purposes only
Existing buildings or structures	Coverage available if another policy covering the existing structure is not in-force	Dwelling coverage
Permission to occupy	Up to 90 days for single-family homes	100% occupancy if by owner
Outdoor trees, shrubs, plants and lawns	Included	5% of dwelling limit, \$500 maximum for any one tree, shrub or plant
Expediting expense	Can be endorsed	Included in dwelling limit
Debris removal	\$50,000 default limit up to \$5M; \$100,000 default limit if greater than \$5M	5% of dwelling limit, and a separate limit for tree removal, often between \$500 to \$1,000, depending on the policy
Extra expense	Can be endorsed	Limited by the "loss of use" provisions in the policy

# Coverage Comparison

That's where the similarities between the two types of insurance policies end. Other exposures covered by builders risk insurance which have the option to increase coverage limits and are not covered by homeowners insurance include (but are not limited to):

Coverages	Builders Risk Plan Insured by Zurich	Typical Homeowners Insurance Policy
Backup or overflow of sewers	\$25,000 default limit included up to \$5M; \$50,000 default limit if greater than \$5M	No
Pollutant Cleanup	\$25,000 default limit included up to \$5M; \$50,000 default limit included if greater than \$5M	No
Scaffolding, construction forms	\$50,000 default limit included up to \$5M; \$100,000 default limit if greater than \$5M	No
Scaffolding re-erection	\$25,000 default limit up to \$5M; \$50,000 default limit if greater than \$5M	No
Temporary storage	\$25,000 or 2.5% of the completed value, whichever is greater	No
Reward for job site crimes	Up to \$25,000	No
Interest of subcontractors	Included	No
Contract change orders	Endorsement available	No
Subdivision fences, walls, etc.	Endorsement available	Yes, if within 1,000 feet of home
Soft costs	Endorsement available	No
Flood damage	Endorsement available	No
Earthquake damage	Endorsement available	No
Named storm – windstorm deductible	Endorsement available	No
Endorsement available	Endorsement available	No
Waiver of coinsurance	Endorsement available – form waives coinsurance if claim is \$25,000 or less	No



Remember:  
Builders risk and  
homeowners insurance  
policies each have distinct  
purposes.

While certain events are not covered by these two policies, there are additional features available which aren't fully covered in this guide.

As a trusted insurance advisor, clients rely on you to assess the construction exposure and provide informed recommendations on how to best protect their property. This expertise requires a basic grasp of the project, exclusions in a homeowners policy and added benefits of selecting a course of construction policy tailored to the risk.

Should a loss occur and the claim is not paid by the homeowners insurance provider, they'll look to you for answers. With the coverage knowledge you've acquired, you can more confidently discuss construction risks with your homeowner clients.



Ready to become an agent?

Get started today with no minimum commitment. Register online in four easy steps at [usassure.com](https://usassure.com) to access the Builders Risk Plan insured by Zurich.



## About US Assure

US Assure distributes, underwrites and services construction and property insurance products across the U.S. for “A” rated carriers — and we’ve done so for more than 40 years. Our expertise lies in builders risk coverage, exclusively backed by Zurich. From single-family homes to commercial projects valued up to \$75 million, we’ve got you covered during construction, from the time the ground is cleared to the installation of the final finishes. Additionally, we supplement this with products for premises liability, vacant structures and rental homes. We offer quick access to our products, provide online policy issuance and expect no minimum volume commitment to get started. For more information, visit [usassure.com](https://usassure.com).

## Contact Us

[usassure.com](https://usassure.com)

(800) 800 - 3907

8230 Nations Way, Jacksonville, FL 32256



US Assure is an independent, third-party administrator managing policy processing for certain builders risk policies issued by Zurich and its affiliated companies. US Assure does business as US Assure, Inc. and US Assure Insurance Services of Florida, Inc. In California, US Assure operates as InLink Insurance Services (CA license # OD44490).

This is intended as a general description of certain types of insurance and services available to qualified customers. Any description of policy provisions is meant to give a broad overview of coverages and does not revise or amend a policy. Refer to the policy coverage form for a complete representation of the scope of coverage, terms, conditions, exclusions and more. The policy is the contract that specifically and fully describes your coverage. Some products may not be available in all states and may only be offered on a non admitted basis. Product availability is subject to change.